



NATURAL GAS MARKET INDICATORS

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Natural Gas Market Summary – as occurs, annually, spring has brought higher temperatures across the US, resulting in stable futures prices, healthy injections into underground storage, and robust pipeline and LNG exports. However, cool weather fronts in certain areas of the country have contributed to spiking spot prices as high as \$3.60 per MMBtu. The steady increase in gas rigs in service continues this week. The number of gas rigs in service are almost back to year-ago levels. Finally, the Weather Company expects this hurricane season to be more active than usual, albeit not as active as last year.

Reported Prices – prompt-month futures contracts have remained low over the first two weeks of April. May futures were trading at \$2.64 per MMBtu as of April 1, before warmer-than-expected weather dropped prices below \$2.50 per MMBtu by April 8. However, as of April 14 prices are back above \$2.60 per MMBtu. As of April 14, future prices remain low as well, trading below \$3.00 per MMBtu through December 2021. Spot market prices have increased marginally across the country as temperatures remain relatively cool through the first two weeks of April. Prices at certain city gates, including the SoCal Citygate have spiked as high as \$3.60 per MMBtu. WTI and Brent prices remain high through the first two weeks of April. As of April 14, Brent prices were trading 7 percent higher than on April 1 at \$66.50 per barrel. Brent prices have increased by almost 120% since March 12, 2020, the beginning of pandemic-related closures in the US. WTI prices have doubled over the same period, and were trading at \$63 per barrel as of April 14.

Weather – AGA does not publish heating or cooling degree day data for April and September. However, the transition to spring came quickly for much of the country, which in turn has contributed to softened late-season residential and commercial demand and resulted in larger than normal injections into storage. Meanwhile, the Weather Company outlook forecasts a more active-than-average 2021 Atlantic hurricane season, comprising 17 named storms, eight hurricanes, and four major hurricanes. The forecast is well above the 30-year normalized average of 14 storms, seven hurricanes, and three major hurricanes. Though the official Atlantic hurricane season runs from June through November, storms occasionally develop outside those months, as was the case last year with Tropical Storms Arthur and Bertha, which developed in mid-to-late May 2020.

Working Gas in Underground Storage – underground storage stocks increased by 61 Bcf for the week ending April 9, marking the third week in a row that saw net injections into storage, and the first week in 2021 without net withdrawals in any region. As of April 9, working

gas inventories stand at 1,845 Bcf, 11.6 percent below the same week in 2020, but 0.6 percent above the five-year average.

Natural Gas Production – the Energy Information Administration in its *Short-Term Energy Outlook* revised its estimates for average 2021 US natural gas production to 91.4 Bcf per day. The EIA expects total US dry gas production to fall to 90.8 Bcf per day in May 2021 before reaching a high of 92.4 Bcf per day in November. Through April 14, domestic daily dry gas production has averaged 91.4 Bcf per day, 0.5 Bcf less than April 2020. Average daily production year-to-date is 90.5 Bcf per day, 2.8 Bcf lower than one year ago as we observe January – mid-April statistics.

Rig Count – rig counts in North America have steadily increased since early March. For the week ending April 9, the gas rig count was 93, two more than the week prior, and only three rigs lower than this week last year. Total rigs now stand at 432, two more than last week's working total, but 170 less than this same week in 2020. Oil-directed rigs in operation saw no change this week and remain at 337.

Pipeline Imports and Exports – following early April pipeline maintenance, US exports surged to a record high of 6.9 Bcf per day on April 9, a significant increase from 5.0 Bcf per day just four days prior. According to S&P Global Platts Analytics, the increase in supply to Mexico is driven by South Texas, particularly the Sur de Texas-Tuxpan marine pipeline, which saw its second-highest single day import value on record. Exports to Mexico have remained strong since, averaging 6.0 Bcf per day month-to-date. During the first two weeks of April, imports from Canada remain near 3.8 Bcf per day and have averaged 4.0 Bcf per day this month. Compared to last April, imports are up 0.2 Bcf per day, a five percent increase.

LNG Markets – over the first two weeks of April, LNG exports averaged 11.4 Bcf per day, according to S&P Global Platts Analytics, a 3 percent increase from March average daily exports. Should this trend remain through the end of the month, the US would post near record LNG daily average exports for the second month in a row. Strong LNG demand in Europe and Asia combined with low natural gas stocks, have likely contributed to the strong export numbers.

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